SPRING 2019

THE BUSINESS ADVOCATE

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BUSINESS AND INDUSTRY WELCOMES NEWLY APPOINTED DIRECTOR MICHAEL J. BROWN

Governor Steve Sisolak appointed Michael Brown as director of the Department of Business and Industry effective January 14, 2019. Brown recently retired from his position as president of Barrick U.S.A, the American subsidiary of the world's largest gold mining company. He wasted no time in getting familiar with the myriad agencies and functions of the most diverse department in state government. Less than three months into his tenure, and in the midst of a whirlwind legislative session, The Business Advocate staff sat down with the new director to learn more about him and some of his early insights.

You have stated that you didn't know much about the Department of Business and Industry (B&I) when you were first approached about the job. Shy of three months as director, how do you view the department today and what should people know about what happens here?

This department is a combination of the functions of the federal departments of Treasury, Labor, Commerce and Housing, and Urban Development. I now organize B&I's affairs into four quadrants: 1) regulation of capital, commerce and transportation; 2) workforce protection and labor; 3) community development, housing, and small business; and 4) advocacy for consumers and minorities. It is a superbly run department and I credit Deputy Director Terry Reynolds and his team for that success. Deputy Director Marcel Schaerer and his team have the pulse of southern Nevada. Having that kind of support has allowed me to focus on policy and the legislative session.

There are several initiatives from the Governor's agenda that fall under B&I's jurisdiction. How do you see B&I supporting those initiatives?

I was a young appointee at the U.S. Department of Treasury under Secretary Don Regan. Observing him, I learned that a cabinet officer's job is to find ways to carry out the Governor's promises. It's about building consensus around those goals, not about decision-making, because in government, decision-making is highly decentralized. Governor Sisolak's State of the State address has 12 policy matters that come through this department and I work every day to keep them moving along.

At this point, have you been able to identify any opportunities that you think would help take the department to the next level?

The department is filled with incredible experts and this session, I have sought to bring them forward to provide support for governor's office and legislators. I want us to be the premier policy department in the cabinet.

What are your goals and objectives for the department?

In the short-term, it is all about the legislative session and the goals set forth in the State of the State. In July, I'll turn to management and administrative matters. I will conduct a formal Stakeholder Engagement Review with our regulatory divisions. We will also have the need to move forward immediately with affordable housing initiatives.

So far, what have you identified as the biggest challenge facing your new position?

I came in knowing that it was impossible to manage government like a business because we are mandated to serve all in a fair and transparent manner. Coming from a highly regulated industry, I understood that government systems are designed for accountability, not necessarily efficiency. What has challenged me is finding that a critical mission can be spread across multiple departments and agencies leaving no one in charge. The area of small business is one example where the engagement is diluted by the sheer number of different silos. I hope that after the session, we can find a way to streamline how the state interacts with small business. As a regulator, I am concerned with having the tools needed to protect consumers as the Trump Administration pushes regulatory compliance back to the states in several critical areas. In the field of regulation, the hockey expression "skate to where the puck is going, not where it has been" should be our motto.

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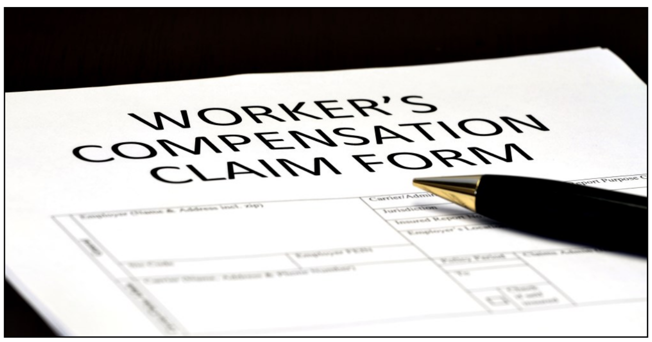
Nevada's Minimum Wage Remains Unchanged for 2019

Nevada's Constitution requires the minimum wage to be recalculated each year and adjusted based on increases in the federal minimum wage, or if greater, by the cumulative increase in the cost of living. Once calculated, the Office of the Nevada Labor Commissioner is required to issue a bulletin announcing the minimum wage by April 1 which takes effect July 1 of that year.

Under Nevada's unique two-tiered system, the minimum wage for employees who are offered qualified health benefits from their employers will remain at $7.25 per hour, and the minimum wage for employees who are not offered qualified health benefits will remain at $8.25 per hour. The last time the minimum wage increased in Nevada was in 2009, a direct result of legislation in 2006 which indexed Nevada's wage to inflation beginning in 2008. For more information, visit http://labor.nv.gov.



Workers Compensation Costs Decrease in Nevada

Effective March 1, Nevada's workers compensation voluntary market loss-cost and assigned-risk rate levels are decreasing by 8.1% and 7.3%, respectively. Impacts to each individual classification of business vary based on the classification's recent experience, but a sizeable majority of classifications will receive decreases – often substantial – as a result.

The National Council on Compensation Insurance (NCCI) has indicated that the underlying phenomena driving the decreases are being observed throughout the United States. Claim frequency continues to decline country-wide due to improvements in automation and workplace safety. NCCI has filed for decreases in most states; with Nevada's decrease falling in the middle of the range of country-wide changes proposed by NCCI.

The Division of Insurance encourages employers to comparison shop for the best rate. Nevada's market remains competitive, so it pays to review all options. Nevada's reasonable workers compensation rates are among the many factors cited in the state's business-friendly climate.

SCATS Designates April as Hispanic Safety Month

For the fifteenth consecutive year, the Division of Industrial Relations, Safety Consultation and Training Section (SCATS) is focused on increasing workplace safety among Nevada's Hispanic workforce during the month of April. The United States Bureau of Labor Statistics found that Hispanic or Latino workers have the second highest number of reported fatal work injuries, after the Caucasian workforce. This number could be understated because many Hispanic worker injuries are often not reported.

During Hispanic Safety Month, SCATS is increasing the number of free Spanish language safety and health training courses at their offices in Las Vegas and will also manage a booth at the Consulate of Mexico in Las Vegas to expand outreach and support. "We want to protect all of Nevada's workers, regardless of ethnicity, which is why we offer ongoing Spanish training resources and materials," said Todd Schultz, SCATS Chief Administrative Officer.

For more information about the services SCATS provides as well as descriptions of each class and other health and safety class listings, please visit the website —www.4safenv.state.nv.us– or contact SCATS at 877-472-3368.

Local Government Employee-Management Relations Board Turns 50

The Local Government Employee-Management Relations Board, more commonly known as EMRB, was created by the Nevada Legislature when the Local Government Employee–Management Relations Act became law on April 28, 1969, in response to public sector labor unrest.

Upon creation, the board was comprised of three unpaid members, broadly representative of the public and not affiliated with any employee organization or local government employer, and allowing no more than two members with the same political affiliation. The board membership was increased to five during the 2017 Legislative session in order for cases filed with the EMRB to be heard in a more expeditious manner.

Since its creation, the EMRB, an administrative board, has issued over 1,000 orders in cases filed by employees, local governments and local government employee organizations – or unions – in labor disputes. The board operates much like a court. If the board grants a hearing, the case is heard before a panel of 3 members. Upon conclusion of the hearing, the board deliberates in closed session and announces its decision first verbally and then in a written order.

The EMRB also resolves other disputes, including issues over which union is to represent a particular bargaining unit, the scope of the bargaining unit, and whether any union at all is to be recognized as representing a group of employees.

The administrative functions of the agency are carried out by a commissioner, who is appointed by the members of the board, and a board secretary, also appointed by the board.

Congratulations to the Employee-Management Relations Board for 50 years of service to Nevada's local governments and their employees!

EMRB Fun Facts

- At the time of drafting, the sponsor of the Act, Senator Dodge, contemplated including collective bargaining rights for state government employees, but did not ultimately include them.

- Bruce Snyder has served as the commissioner of the EMRB since November 2013. Board Secretary Marisu Abellar joined the EMRB in December 2014.

- With only two paid staff, the EMRB has the great distinction of being the smallest agency in Nevada state government!

- There are approximately 160 local government unions in Nevada representing 85,000 local government employees, spread over 231 bargaining units.

Stormie Andrews, Founder and President
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Q: What is the number one mistake companies make when it comes to marketing?

A: As founder of an inbound marketing agency and the first HubSpot Certified Trainer in Las Vegas, I create a lot of buyer personas. In fact, our organization is the creator of "The World's Best Buyer Persona," which may be a bold claim, but we stand by it. Unfortunately, most small business owners I meet have never created a buyer persona for their business and for those that have, the persona is often inadequate. This single oversight often results in an untold amount of lost revenue.

Buyer personas are the foundation of a great marketing strategy, but many marketers fail to use the buyer persona effectively. They end up on a shelf gathering dust or in some corner folder on someone's hard drive begging to be deleted. Why is that?

Buyer personas are not really considered a "sexy" part of marketing, and some even call them useless. However, in my experience, it's because many companies just get buyer personas wrong.

The typical buyer persona we see includes demographics such as age and job title. However, a buyer persona is so much more than that and can influence your marketing plan. What are most marketers doing wrong?

1. They include demographics but fail to touch on psychographics, the attitudes, aspirations, and emotions of the target buyer. Demographics can be helpful for advertising, but psychographics gives much more material to work from.

2. They don't include triggering events that preceded the purchase. These triggering events can provide a lot of insight into what happens on the path to purchase, which can be helpful for targeting and messaging.

3. Speaking of path to purchase, many buyer personas don't take the buyer's journey into account and should. This information can inform marketing strategy.

4. They don't include action items for marketing. In essence, the buyer persona ends up collecting dust because a step gets missed: drawing insight from the exercise.

Just like many tools, what you put into the buyer persona will affect what you get out of it. Taking the time to really understand your customer and building out a robust buyer persona will improve your marketing efforts.

Have a question for one of our guest experts?
Email cfoley@business.nv.gov.

Resource Organization Spotlight: Latin Chamber of Commerce

The Latin Chamber of Commerce (LCC) was started in 1976. The mission of the LCC is to promote the success of its members and Hispanic-owned & non-Hispanic businesses by facilitating positive business, cultural and educational relationships, as well as economic development and knowledge sharing in an efficient, effective and professional manner. Currently, the Latin Chamber has over 1,500 members from various sectors including, but not limited to the gaming, construction, restaurant and service industries.

Peter Guzman, President and CEO
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https://lvlcc.starchapter.com

Members of the LCC represent one of the strongest economic blocs in the state. The Latino market is booming, and being associated with the Chamber enhances trust between member businesses and the community.

One of the key benefits provided by the chamber is B2B access through myriad networking offerings. The LCC's monthly luncheons are well attended by entrepreneurs and community leaders alike. *Desayunos Con Amigos* is a very successful grassroots breakfast session, which brings small businesses together to provide opportunities.

The LCC also provides seminars on topics such as: how to start a business, taxes, education, business licensing, insurance and legal traps to avoid. It also helps with access to capital and financing opportunities for both startups and traditional businesses. Another area where the chamber has shown real vision is the LCC CenturyLink Studios, a three-camera audio and visual studio that provides members a tool to assist them in marketing their companies.

Finally, the LCC sees its role as a bridge between its members and the people and entities that can help them succeed. Entrepreneurs well understand the feeling of making a pitch and having to go through layers of bureaucracy. The LCC, with over 44 years of hard work and relationship building, can help eliminate many of those layers and get your company directly in front of key decision makers.

Join our organization today, so we can help your business grow, expand and succeed!

A&G Studio Expands Client Base with Help of the LCC

Submitted by A&G Studio

A&G Studio is a full service production company that services brands and agencies across the United States. We cast, produce and edit everything from tv and radio commercials, videos for digital marketing, through hotel on-hold messages, voice GPS units and even shoot and edit event video and photo.

Our studios use state-of-the-art software for editing video, creating animations and mixing audio. We also have an internal voiceover roster of over 500 voiceover talent worldwide and a team of in-house editors, animators and audio engineers that love to serve our client's creative needs.

Since joining the Latin Chamber of Commerce, our revenue has increased month over month. We are starting to make waves in our industry in Las Vegas and the relationships our company has been able to establish by engaging with the Chamber are remarkable. With the support of the Latin Chamber of Commerce, the team at A&G Studio has grown to four employees, and our projection for growth over the next year will allow us to recruit more team members. We believe in hiring local talent and bringing more work into the state of Nevada.

What separates the Latin Chamber of Commerce from other organizations is the quality of the membership. By attending the Latin Chamber of Commerce luncheons, we've been able to gain access to leaders of industry. Their events are attended by some of the biggest players in Las Vegas, and by becoming a member and being present at these events, A&G Studio has steadily increased our client base.

Peter Guzman is a champion for small businesses and the team of Latin Chamber of Commerce works hard to help businesses like ours achieve their goals. As a business owner in Nevada, if you're not a member of the Latin Chamber of Commerce, you're missing out on a tremendous opportunity to be a part of a great group of people who passionately believe in the economic development of our state.

Nevada Businesses Required to Report and Remit Unclaimed Property Annually

Danielle Anthony, Auditor III, Nevada Treasurer's Office

The Treasurer's Office, Unclaimed Property Division, is privileged with the task of reuniting owners with their property. Individuals can search their name or business name on our website to see if there is unclaimed property that has been previously submitted to the state that belongs to them. This is made possible through businesses ("holders") reporting unclaimed property and remitting the property to the state. If the company meets any one of the following criteria, they are required to submit unclaimed property reports on an annual basis (April 30 for insurance companies and October 31 for all others). The reporting requirement for these holders is not limited to holders who have identified property to turn over. It is also a requirement to submit a report when no property has been identified to turn over (to acknowledge that a review was performed).

<u>Who is required to report</u>:

1. Holders incorporated in Nevada.
2. Holders located in Nevada.
3. Holders conducting business in Nevada.

Otherwise, reporting in Nevada is only required when unclaimed property is due to someone whose last known address is in the state of Nevada.

Unclaimed property includes properties in a company's books related to unpaid payroll, uncashed checks, expired gift cards, rebates, dividends, safety deposit box contents, refunds due, life insurance proceeds, worker's compensation insurance proceeds and more. It does not apply to gaming proceeds, real estate, vehicles or lost and found items.

Step-by-step guides are available on the unclaimed property website – www.nevadatreasurer.gov/Unclaimed_Property/Holder_Reporting. These guides are the "Nevada's Holder Manual" and the "Holder Module User Manual," respectively. Our website also offers "Useful Information for Holders" for reference.

<u>Getting Started</u>:
Reporting requires due diligence to be performed between 60 and 120 days prior to report submissions. This means that reviews of the books should begin in July, to ensure you have plenty of time.

Reporting unclaimed property is required by Nevada Revised Statute (NRS) 120A and Nevada Administrative Code (NAC) 120A. Failure to report could result in penalties and interest. However, the Treasurer's Office, Unclaimed Property Division, is invested in helping companies become compliant. As such, we offer amnesty programs for reporting. For first time reporters, the Voluntary Disclosure Agreement is available, which waives penalties and interest. For reporters who have previously filed, amnesty programs are also available.

For Holder support, our contact information is listed below. Our office is always happy to help!

Grant Sawyer Building
555 E. Washington Ave, Suite 4200
Las Vegas, Nevada 89101
Walk-In Office Hours: 8am - 5pm Pacific

Phone: (702) 486-4140
Toll Free-Nevada only (800) 521-0019
Phone Hours: 9am - 4pm Pacific
Email: nvholder@nevadatreasurer.gov

Alternative Lending: Borrowers Beware

By Erin Vuong, Opportunity Fund

For entrepreneurs looking to expand their business or needing simple working capital, navigating the world of financing can be daunting, especially given the rise of alternative lending and lack of uniform disclosures within the marketplace.

After the Great Recession, banks began to limit the scope of their small business lending, and a new category of online, alternative lender emerged to fill the void. Although some of these companies engage in fair lending practices, others offer predatory products that are short-term and high-cost.

Using a dataset comprised of customers who refinanced their cash advances[1], Opportunity Fund, a non-profit microlender, found that:

- The average alternative loan carried an annual percentage rate (APR) of 94%, with one loan reaching a shocking 358%.
- The average monthly loan payment was *nearly double* (178%) the net income available for loan payments.
- More than a quarter of the businesses studied had loans outstanding with *multiple* alternative lenders, a probable result of being unable to meet the payment obligations of the first advance.

Despite their guarantees of convenience and speedy funding, these offers routinely come with ruthless repayment schedules and unaffordable price tags – precipitating a continual debt cycle for many small business owners.

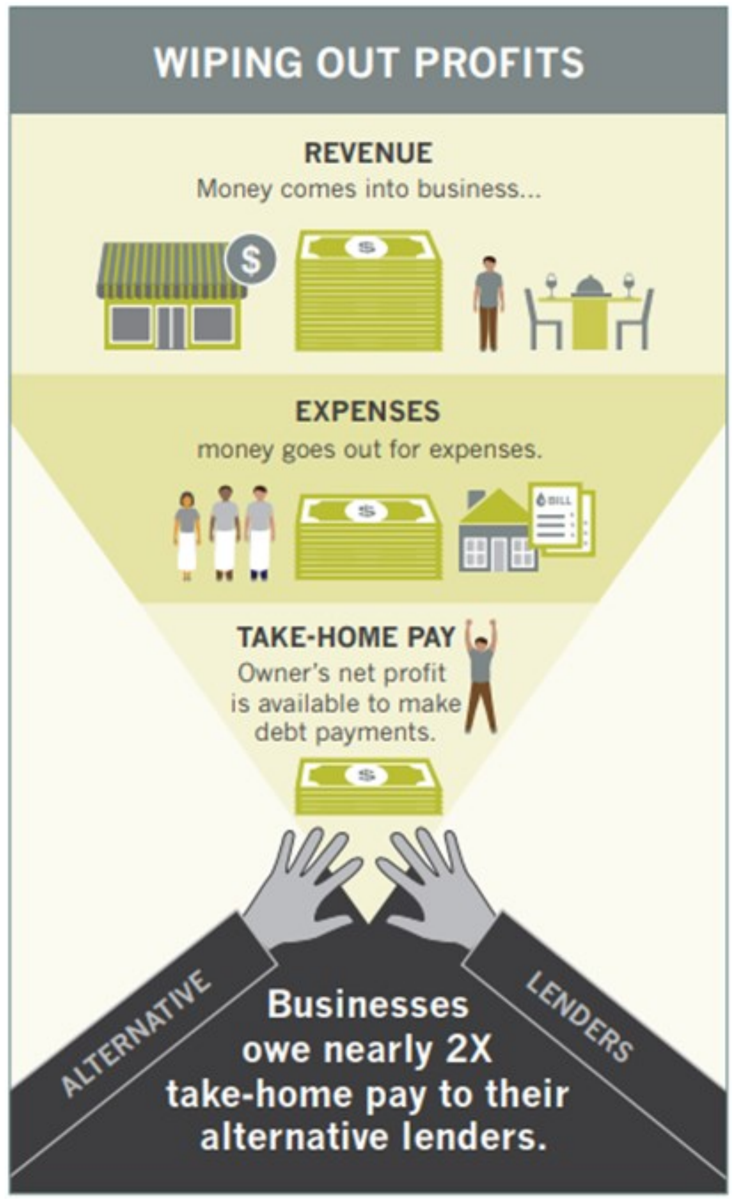
Beyond this high cost of capital, predatory lenders will also undertake unscrupulous collections efforts. As recently reported by Bloomberg[2], some merchant cash-advance companies require a signed confession of judgment. A confession of judgment is an agreement in which a party preemptively admits fault and forfeits their ability to defend themselves against a claim or judgment.

Used to circumvent the lengthiness of court proceedings, lenders sneakily include this condition in their loan agreements as a means of expediting their collections process. When a borrower misses a payment (or when a lender *claims* that a payment has been missed), a confession of judgment provides lenders with the legal means to withdraw funds from a borrower's bank account without warning.

Fortunately, resources do exist to help small business owners research, identify, and compare appropriate financing products. There are a bevy of free non-profit services available to business owners, including the Nevada Business Opportunity Fund, Small Business Development Centers, and SCORE. These organizations can provide valuable counseling as well as referrals to reputable lenders.

Borrowers can also reference the Small Business Borrowers' Bill of Rights (BBoR)[3], a list of essential financing rights that *all* business owners deserve. The website also includes a list of organizations that have signed the BBoR – meaning the signatory lenders have already committed themselves to transparency, responsible underwriting, fair collection practices, and a bevy of other fundamental financing rights.

Final advice: Before borrowing, understand the APR and monthly payments for any financing option. Some easy-to-use calculators for different loan products are available at Nav.com.



[1] www.opportunityfund.org/assets/docs/UnaffordableandUnsustainable-TheNewBusinessLendingonMain-Street_FundResearchReport_May2016.pdf
[2] www.bloomberg.com/graphics/2018-confessions-of-judgment
[3] www.borrowersbillofrights.org

Take the iChallenge Today

iCHALLENGE smallbusinessNevada

Do you own a small business in Nevada? Are you thinking of starting one in the state? Then step up and take the iChallenge!

The iChallenge runs now through the end of National Small Business Week (May 5-11, 2019). An annual initiative sponsored by the Nevada Department of Business and Industry (B&I) and the Nevada District Office of the U.S. Small Business Administration (SBA), the iChallenge is intended to raise awareness of the many local, regional and statewide business support resources that are available to those who want to start – or are already operating – small businesses.

The iChallenge itself is simple. First, use one of three ways (*see insert*) to learn about various business support entities and programs available here in Nevada. Second, select one that offers the kind of help or information you are looking for. Third, contact them! Tell them what you need and see how they can help you achieve your full business potential.

That's all there is to it. By taking the iChallenge, you'll learn more about Nevada's ecosystem of business support, while potentially expanding your relationships and improving your opportunity for success.

National Small Business Week is an annual event sponsored by SBA that seeks to highlight the impact of outstanding entrepreneurs, small business owners, and other professional organizations from all 50 states and the U.S. territories. B&I is a proud supporter of National Small Business Week and the many initiatives taken by the SBA and its Nevada District Office to advance small business development in our state. To honor the week and celebrate the important role small business plays in our economy, we encourage all current and prospective small business owners to take the iChallenge today!

3 Ways to Take the iChallenge:

1. Visit www.business.nv.gov. Click on the Business Resource Center. Explore the Learning Center, Resource Directory, Access to Capital Directory, Nevada Business Startup Guide, and other tools. Download the Guide and use its interactive Road Map. Identify an entity that offers services in your area of interest and contact them to see what they can do for you.
2. Visit www.sba.gov/nv. Explore the Business Guide, Funding Programs, Federal Contracting, and Learning Center links. Use the Local Assistance link to find an SBA partner who can help you with information, counseling, mentoring and training.
3. Contact B&I or the SBA Nevada District Office directly by mail or email. Provide your contact information and tell us briefly what you need help with. We'll do our best to connect you with information or a resource partner that can assist you.

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SBA Economic Injury Disaster Loans Available in Nevada

SBA U.S. Small Business Administration

Small nonfarm businesses in seven Nevada counties are now eligible to apply for low interest federal disaster loans from the U.S. Small Business Administration. These loans offset economic losses because of reduced revenues caused by drought in the following primary counties that began Jan. 1, 2019. Eligible counties include: Elko, White Pine, Eureka, Humboldt, Lander, Lincoln and Nye. The deadline to apply for economic injury is Nov. 22, 2019.

"SBA eligibility covers both the economic impacts on businesses dependent on farmers and ranchers that have suffered agricultural production losses caused by the disaster and businesses directly impacted by the disaster," said Tanya Garfield, Director of Field Operations Center-West.

Small nonfarm businesses, small agricultural cooperatives, small businesses engaged in aquaculture and most private nonprofit organizations of any size may qualify for Economic Injury Disaster Loans of up to $2 million to help meet financial obligations and operating expenses which could have been met had the disaster not occurred. Businesses primarily engaged in farming or ranching are not eligible for SBA disaster assistance. Agricultural enterprises should contact the Farm Services Agency about the U.S. Department of Agriculture assistance. However, nurseries are eligible for SBA disaster assistance in drought disasters.

"Eligibility for these loans is based on the financial impact of the disaster only and not on any actual property damage. These loans have an interest rate of 3.74% for businesses and 2.75% for private nonprofit organizations, a maximum term of 30 years and are available to small businesses and most private nonprofits without the financial ability to offset the adverse impact without hardship," Garfield said.

Applicants may apply online, receive additional disaster assistance information and download applications at https://disasterloan.sba.gov/ela or call SBA's Customer Service Center at (800) 659-2955 or email disastercustomerservice@sba.gov for more information on SBA disaster assistance. Individuals who are deaf or hard of hearing may call (800) 877-8339.

Director Michael Brown, continued

How would you describe your leadership style?

I am a passionate leader, and always seek to leave the world better than I found it. I prefer to develop and motivate teams and ensure everyone has a voice. As an example, I created the department's Legislative Working Group. When the legislative session ends, I plan to use that group—with a few additions—to move the department forward. I tend to be driven by intuition, but I am increasingly turning to metrics to help make decisions. The historical leaders I admire are former Cabinet Secretary Elliott Richardson and British Prime Minister Clement Attlee. I had the honor of knowing and working with former Canadian Prime Minister Brian Mulroney. He taught me focus with the saying: *You can't be chasing 15 rabbits. Otherwise, the public mind cannot follow you.*

What have you brought to B&I from your previous professional experience?

My prior career was diverse, and I was familiar with almost everything done in this department except for housing which has required me to study and take a crash course on this issue. This summer, I am going to Harvard, at my own expense, for a summer seminar for senior state government leaders. I hope that will prepare me to take on larger tasks in the Sisolak Administration.

How long have you lived in Nevada?

I started coming to Nevada in 1994. At one point, I was a nearly permanent guest of the Four Seasons Hotel. In 2017, I moved to Anthem. I still have a place in Old Town in Alexandria, Virginia. My wife and daughters are in Utah where my daughters are finishing college.

Do you have any unusual talents, interests or party tricks?

I am a rower and I am engaged in rowing locally in Las Vegas and with the U.S. National Team. I am a Steward of the San Diego Crew Classic and I count among my closest friends some of the most decorated rowers in the world.

Do you have a bucket list? What's on it and what do you plan to tackle next on that list?

Accepting this appointment from Governor Sisolak fulfilled a major item on my bucket list. When I completed my business career, I was looking for an opportunity to give back. I was talking with friends involved in economic development in Cleveland when Governor Sisolak's transition team contacted me. I wanted to lead something. They suggested this Department. It has been a perfect fit. I feel everything in my life has been to prepare me for this role. I have now read seven autobiographies of former federal cabinet members to gain insight into how to succeed in this unique role.

Anything else we should know about you?

Like Tom Hanks, I collect typewriters.

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